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SUBJECT: CHILE'S "NEXT PRESIDENT" WILL PROPOSE A "NEW DEAL": A TAD EARLY FOR COMPARISONS TO FDR

Classified By: E/Pol Counselor Juan A. Alsace for reasons 1.4 (B) & (d)

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Summary  
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¶1. (C) Billionaire businessman and all-but-certain 2009 opposition presidential candidate Sebastian Pinera told the Ambassador that the center-right - led by him - has a "wonderful opportunity" to win the 2009 presidential elections, given the "incompetence and corruption" besetting the governing Concertacion coalition. Pinera described President Bachelet as a "good woman, but bad president," whose foreign policy on issues such as Venezuela is contrary to Chilean interest. He painted Bachelet as wrong on domestic priorities, particularly education, but also labor, innovation and public security, all of which contributed to "voter fatigue" with Concertacion, now in power for nearly twenty years. Pinera is short on offering solutions, however. Moreover, he acknowledged his confidence is based on current political realities (as he sees them), "which are always subject to change." End summary.

¶2. (U) The Ambassador paid a call March 13 on Sebastian Pinera who, as the center-right candidate, ran against President Bachelet in 2005, losing by 54 to 46 percent. The billionaire businessman - he made his nut in the telecommunications, credit, and aviation industries - is gearing up for another run in 2009, and is the presumptive candidate of the opposition Alianza. The Ambassador was accompanied by E/Pol Counselor.

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Back to the Future  
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¶3. (C) Pinera said that 20 months before Chileans head to voting booths to replace Michelle Bachelet, the opposition has a "wonderful opportunity" to win the 2009 presidential elections. "All polls," he claimed, show Chileans "losing hope" and tired of the Concertacion, now in power for nearly 20 years. Current problems - energy shortages, corruption and incompetence - are the result of failed Concertacion policies. Moreover, giving the opposition a turn in power would be good for democracy. When E/Pol Counselor noted Bachelet had seemingly arrested her drop in polls (she has recently rebounded from the high 30's to the mid-40's), Pinera attributed it to her personal charisma, but insisted her policies remain unpopular.

¶4. (C) The Ambassador asked if the Alianza would present new

ideas or resort to negative campaigning; Pinera replied the Chilean press "never focuses on the positive." For example, he had the day before presented a plan on energy diversification but was only questioned afterwards on his views about alleged misuse of funds at the Ministry of Education. Pinera noted there is internal disagreement within Alianza as to campaign strategy. Senator Allemand (of Pinera's moderate right Renovacion Nacional (RN)) militates for "total war" against the Concertacion. Joaquin Lavin, of the hard right Union Democratica Independiente (UDI), and who Pinera defeated in 2005 in first round presidential elections, before going on to lose to Bachelet in the second, is for a more conciliatory stance. Pinera said he would opt for a "New Deal" approach, maintaining the opposition's traditional role as "fiscalizador" (watchdog), while also seeking areas for cooperation. (Comment: Pinera may have decided on this tack after seeing Lavin recently resurrect himself in the polls by claiming to be a "Bachelitista-Alianzista," who would work with Concertacion for the common good, an approach Chileans apparently appreciated. Still, when E/Pol Counselor noted Lavin's rise, Pinera said Lavin had "bloomed for a day only.")

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Bachelet Not Up to Task  
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¶15. (C) Pinera claimed to have "600 professionals" (300 purportedly with advanced degrees) working on what a Pinera-led government would do in areas of education, health, and energy. But when the Ambassador pressed for specifics, Pinera replied only that his efforts "aren't politics," and repeated that the current government wasn't delivering. He said President Bachelet is "a good woman, but bad president."

On foreign policy, Pinera criticized her for her "too close ties to Chavez," including having wanted to support (in 2006) Venezuela's campaign for a UNSC seat. Chavez had been wrong on the Ecuador-Colombia dispute, sought close ties to Iran, and is a destabilizing force in the region. All of Chavez's positions are contrary to Chilean interests. Pinera continued that had he been President he would have told Ecuador's Correa (who was in Santiago March 9-12) that "Yes, the issue of sovereignty is important, but so also is combatting terror."

¶16. (C) On domestic issues, Pinera panned Bachelet's efforts on education reform, noting that much money had been spent "but not well." The GOC is incorporating "bad practice" from the fully subsidized public school system into the semi-subsidized private system, despite the fact that the latter has shown better results with less resources. Part of the problem, according to Pinera, is that "the top seven persons in the Ministry of Education have poor backgrounds in education and none speak English." (Comment: The Harvard-educated Pinera flashed his elitist side here, noting these seven had all attended "mediocre schools.") Pinera also panned Concertacion policies on labor, innovation, and public security, adding that Bachelet really "doesn't believe in free trade or open economies." In short, he concluded, the GOC has no working agenda.

¶17. (C) The Ambassador noted that the Embassy is working with the GOC on energy cooperation, including diversification and energy efficiency strategies. Pinera said he is in disagreement with environmental groups seeking to block construction of major hydroelectric projects in Patagonia. Chile needs "to double its overall energy generation capacity in the next ten years." That said, it is also necessary to recognize the legitimate concerns of the environmentalists. A good approach would be to restructure the Patagonia project to partially accomodate the environmentalist -- by taking measures such as stringing power lines to "bypass" around environmentally sensitive or especially scenic areas, and partially reducing the footprint of the dams. While these measures would add "ten percent" to the cost of a project, they would reduce environmental impact "by a third," while remaining profitable for investors.

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I Am the Man  
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18. (C) E/Pol Counselor asked if the October 2008 municipal elections would be a harbinger of results for the 2009 presidential and parliamentary elections. Pinera replied that in 2004, Alianza had "been in the ascendant" but that a poor showing in the municipals that year had hurt the opposition in the 2005 national elections. While he did not expect Alianza to win the 2008 municipals, he believed Alianza would do well, lessening any negative impact in the 2009 national elections. Pinera dismissed any possibility of the UDI putting up a credible presidential candidate, predicted there would be no primary to select the opposition nominee, and said flat out he would be the Alianza candidate in 2009. He supposed Concertacion would put up either former President Lagos or OAS SecGen Insulza against him, but noted he ran 12-15 percent ahead of both in the polls. Nonetheless, he acknowledged, "in politics, anything can change."

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Comment  
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19. (C) The numbers may look good for Pinera today and given Concertacion's current difficulties (a loss of majority in both houses of parliament, a new round of corruption allegations, public concerns over a spike in crime), he has every right to be confident. But in an aside on economic policy, Pinera also revealed his vulnerable flank, commenting that Concertacion's having maintained the Pinochet regime's economic policies was wise: "You don't tear down the pyramids because you lost lives building them." This somewhat cavalier attitude towards the human rights abuses of the Pinochet regime is one Achilles heel of the center-right, a stance that does not play well with Chile's majority center-left voters, and one which Concertacion will be sure to use as it paints Pinera as a business lackey and Pinochet sympathizer. As Insulza pointed out in a recent interview, Pinera is currently "running alone." That will change shortly, as Pinera himself implicitly understands. End comment.

SIMONS